

TOWN OF NEW LLAND
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2002
With Comparative Totals for June 30, 2001

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November 6, 2002

Independent Auditors' Report

The Honorable Mayor
and Members of the Board of Aldermen
Town of New Llano, Louisiana

We have audited the accompanying general purpose financial statements of the Town of New Llano, Louisiana as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of New Llano, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of New Llano, Louisiana, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2002, on our consideration of the Town of New Llano, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements of the Town of New Llano. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.


REGINA HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF NEW LAMAR, LOUISIANA
COMPARATIVE BUDGET - ALLIANCE TOWN AND SERVICES DEPT
 June 30, 2019
 State/Comparative Funds for Year 2019, 2018

Assets

Call and cash equivalents
 Other collections of monies for the town
 Prepaid expenses
 Due from other governments
 Receivables and cash equivalents
 Property equipment and other capital
 Depreciation
 Total assets

Liabilities and Fund Equity

Liabilities
 Accounts payable
 Due to other entities
 Payable to governmental units
 Current deposits
 Current portion of long-term debt
 Accounts payable
 Long-term debt
 Retained earnings
 Capital assets
 Other fund equity
 Due to other funds
 Total liabilities

Fund equity
 Investment in general fund assets
 Other fund equity
 Retained earnings
 Due to other funds
 Payables
 Other fund equity

Total fund equity
Total liabilities and fund equity

	Governmental Fund		Enterprise Fund		General Governmental Fund		Major Capital Fund	
	2019	2018	2019	2018	2019	2018	2019	2018
Call and cash equivalents	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other collections of monies for the town	-	-	-	-	-	-	-	-
Prepaid expenses	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Due from other governments	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Receivables and cash equivalents	-	-	-	-	-	-	-	-
Property equipment and other capital	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Total assets	1,002,000	1,002,000	1,002,000	1,002,000	1,002,000	1,002,000	1,002,000	1,002,000
Accounts payable	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Due to other entities	-	-	-	-	-	-	-	-
Payable to governmental units	-	-	-	-	-	-	-	-
Current deposits	-	-	-	-	-	-	-	-
Current portion of long-term debt	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Long-term debt	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-
Capital assets	-	-	-	-	-	-	-	-
Other fund equity	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Investment in general fund assets	-	-	-	-	-	-	-	-
Other fund equity	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-
Other fund equity	-	-	-	-	-	-	-	-
Total fund equity	-	-	-	-	-	-	-	-
Total liabilities and fund equity	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

The accompanying notes are an integral part of these financial statements.

TOWN OF NEW ELA NOLA, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

All Governmental Fund Types
For the year ended June 30, 2020
With Comparative Totals for the Year Ended June 30, 2019

	Current	Capital Projects	Miscellaneous Totals	
			2020	2019
Revenues				
Taxes:				
Ad valorem	\$ 28,483	\$ -	\$ 28,483	\$ 28,480
Tobacco	89,040	-	89,040	91,540
License and permits				
Occupational licenses	49,643	-	49,643	41,483
Dues/fees	89,111	-	89,111	89,957
Intergovernmental:				
State aid	4,380	-	4,380	4,929
Grant/reimburse	-	200,000	200,000	41,760
Fees and fines	289,142	-	289,142	289,099
Other revenues				
Interest	5,684	-	5,684	9,475
Other	70,917	-	70,917	11,725
Total revenues	<u>746,052</u>	<u>200,000</u>	<u>1,006,700</u>	<u>709,746</u>
Expenditures				
General government	149,020	-	149,020	168,080
Public safety	294,761	-	294,761	288,688
Street and bridge	80,400	-	80,400	400,719
Capital Outlay	<u>1,000</u>	<u>200,000</u>	<u>174,820</u>	<u>300,800</u>
Total expenditures	<u>525,181</u>	<u>200,000</u>	<u>729,981</u>	<u>758,287</u>
Excess (deficiency) of revenues over expenditures	<u>220,871</u>	<u>-100,000</u>	<u>276,719</u>	<u>(148,541)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	11,600	11,600	54,500
Operating transfers out	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>	<u>(11,400)</u>
Total other financing sources (uses)	<u>(8,000)</u>	<u>11,600</u>	<u>3,600</u>	<u>43,100</u>
Excess (deficiency) of revenues and other financing sources over expenditures and transfers	<u>212,871</u>	<u>(88,400)</u>	<u>280,319</u>	<u>(105,441)</u>
Fund balance - beginning	<u>70,444</u>	<u>100</u>	<u>70,444</u>	<u>180,700</u>
Fund balance - end of year	<u>\$ 9,415</u>	<u>\$ -</u>	<u>\$ 9,415</u>	<u>\$ 75,259</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW LLANO, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET STAFF BUDGET AND ACTUAL
General Fund
For the year ended June 30, 2022

	<u>General Fund</u>		<u>Variance (Favorable (Unfavorable))</u>
	<u>Budget</u>	<u>Actual</u>	
Revenues			
Taxes	\$ 106,500	\$ 107,002	\$ 1,502
Licenses and permits	10,000	111,030	11,030
Intergovernmental	8,500	4,310	(3,000)
Fees and fines	201,400	300,142	98,742
Miscellaneous	50,300	11,652	(38,648)
Total revenues	<u>316,700</u>	<u>534,136</u>	<u>70,434</u>
Expenditures			
General and administrative	116,115	139,838	23,403
Public safety	181,075	284,781	103,706
Street and drainage	60,000	68,503	8,503
Capital outlay	-	1,081	1,081
Total expenditures	<u>357,190</u>	<u>534,203</u>	<u>17,214</u>
Excess (deficiency) of revenues over expenditures	<u>(40,490)</u>	<u>(1,067)</u>	<u>39,423</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	31,100	-	(31,100)
Operating transfers out	-	(3,964)	(3,964)
Total other financing sources (uses)	<u>31,100</u>	<u>(3,964)</u>	<u>(35,064)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(9,390)</u>	<u>(5,023)</u>	<u>4,367</u>
Fund balance - beginning of year	<u>70,444</u>	<u>70,444</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF NEW ILLAND, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EASINGS

Proprietary Fund Type

For the Year ended June 30, 2020

With Comparative Funds for the Year Ended June 30, 2019

	Proprietary Funds	
	2020	2019
Operating revenues		
Rates charges	\$ 233,848	\$ 217,287
Fees charges	188,162	198,254
Service charges, penalties, and late fees	23,838	23,886
Miscellaneous	<u>1,452</u>	<u>1,192</u>
Total operating revenues	<u>447,300</u>	<u>439,619</u>
Operating expenses		
Water plant costs	76,487	86,472
Salaries and wages	94,787	104,499
Materials, supplies, and maintenance	38,764	33,768
Office operations	26,288	9,149
Payroll taxes	26,838	23,419
Vehicles and travel	6,408	7,286
Laboratory	20,796	19,693
Professional fees	3,979	-
Miscellaneous	3,912	10,678
Utilities and telephone	19,734	13,660
Depreciation	11,287	11,734
Unallocated equipment cost	<u>3,288</u>	<u>3,288</u>
Total operating expenses	<u>361,724</u>	<u>370,722</u>
Operating income	<u>85,576</u>	<u>68,897</u>
Non-operating revenues (expenses):		
Interest income	3,587	4,407
Interest expense	<u>(23,438)</u>	<u>(24,392)</u>
Total non-operating revenues (expenses)	<u>(19,851)</u>	<u>(19,985)</u>
Income (loss) before operating transfers	<u>65,725</u>	<u>48,912</u>
Operating transfers in (out):		
Transfers in	36,124	-
Transfers out	<u>(26,249)</u>	<u>(26,048)</u>
Total operating transfers in (out)	<u>9,875</u>	<u>(26,048)</u>
Net income (loss)	<u>75,600</u>	<u>22,864</u>
Retained earnings - beginning	<u>426,475</u>	<u>413,611</u>
Retained earnings - end of year	<u>\$ 502,075</u>	<u>\$ 436,475</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF NEW LIANO, LOUISIANA

STATEMENT OF CASH FLOWS

(Proprietary Fund Type)

For the year ended June 30, 2002

With Comparative Totals for the Year Ended June 30, 2001

	<u>Comparative Totals</u>	
	<u>2002</u>	<u>2001</u>
<u>Cash flow from operating activities</u>		
Operating income (loss)	2 20,007	2 38,000
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	50,043	75,104
(Increase)/decrease in accounts receivable	(1,043)	70
(Decreased) increase in operating accounts payable	4,047	(30,100)
(Decreased) increase in accounts payable	4,070	60
(Decreased) increase/decrease deposits	3,870	(880)
Net cash provided (used) by operating activities	<u>140,954</u>	<u>102,854</u>
<u>Cash flow from non-capital financing activities</u>		
Income (losses) in the various funds	(1,000)	(1,000)
Operating transfers in/out	<u>(507,500)</u>	<u>(54,000)</u>
Net cash provided (used) by non-capital financing activities	<u>(508,500)</u>	<u>(55,000)</u>
<u>Cash flow from capital and related financing activities</u>		
Interest payments	(11,540)	(14,100)
Principal payments	(84,000)	(80,000)
Payments from bondings	80,000	-
Net Cash/Out for Fixed Assets	<u>(115,540)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(115,540)</u>	<u>(94,100)</u>
<u>Cash flow from investing activities</u>		
Interest and other income	<u>2,627</u>	<u>6,871</u>
Net cash provided (used) by investing activities	<u>2,627</u>	<u>6,871</u>
Net increase (decrease) in cash	<u>5,041</u>	<u>12,754</u>
Beginning cash balance	<u>287,890</u>	<u>269,871</u>
Ending cash balance	<u>292,931</u>	<u>282,625</u>
Restricted cash	<u>288,134</u>	<u>117,246</u>
Cash and cash equivalents	<u>2 581,065</u>	<u>2 400,871</u>

Supplemental Disclosures of Cash Flow Information:

For the Year ended June 30, 2002, utility system improvements in the amount of \$800,877 were constructed by the capital projects fund on behalf of the utility fund. Cash funding was provided by grant funds totaling \$251,087 and bond earnings funds totaling \$1,140,000. For the Year ended June 30, 2001, utility system improvements in the amount of \$61,541 were constructed by the capital projects fund on behalf of the utility fund. Funding was provided by grant funds totaling \$43,110 and bond earnings funds totaling \$20,431.

TOWN OF NEW LlANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

The Town of New Llano (the Town) was incorporated under the provisions of the Louisiana Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety (police protection), streets and drainage, sanitation, public improvements, utilities (water and sewerage) and general administrative services.

The accounting and reporting practices of the Town of New Llano, Louisiana conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of New Llano, Louisiana, is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of New Llano, Louisiana, for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are financially dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the above criteria, the Town of New Llano has no component units for the year ended June 30, 2002.

TOWN OF NEW LLAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Fund Accounting

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the Town:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Fund - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds and trust funds.

Proprietary Fund

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The enterprise funds of the Town account for operations of a combined water and sewer system.

Account Groups

General Fund Assets Account Group - This group of accounts is used to account for fixed assets of the Town other than those accounted for in the Proprietary Funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. The paper-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of the Town and are recognized as revenues at that time.

Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

TOWN OF NEW LLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2003

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary (enterprise) fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1988.

Budgets and Budgetary Practices

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed budget for the general fund for the upcoming year and submits it to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of the ensuing year. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and prior to the commencement of the new year, the budget is legally enacted through passage of an ordinance.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Mayor and Board of Aldermen.

TOWN OF NEW LLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town may invest in U.S. bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if original maturities are 90 days or less, they are classified as cash equivalents. The Town had no investments at June 30, 2002.

Due To/From Other Funds

Amounts in each fund listed as due to/from are offset by corresponding entries in other funds. Funds shown as such are considered available for expenditures unless specifically restricted within the statements. Interfund receivables and payables are not eliminated in the preparation of combined financial statements.

Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and they are recorded as expenditures in the governmental fund types when purchased. The Town has elected to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements including roads, bridges, sidewalks and drainage improvements. No depreciation has been provided on general fixed assets. Fixed assets are valued at historical cost including interest, unless they were donated in which case they are valued at fair market value at the date of donation. At June 30, 2002, there were no material amounts of damaged assets.

Long-term liabilities reported to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. As of and for the year ended June 30, 2002, there was no activity in the General Long-Term Debt Group.

These two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Fixed assets used in the proprietary fund type operations are included on the balance sheet of the fund at historical cost including interest. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water Utility	
Water Lines and Systems	20 years
Fire Hydrants	10 years
Meters	10 years
Equipment	5-7 years

TOWN OF NEW LAND, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Sewer Utility	
Lines and System	50 years
Trucks	5 years
Equipment	5-20 years

Contributed Capital

In the Enterprise Funds, amounts contributed to the Town for acquisition or construction of fixed assets are recorded as contributed capital. Depreciation of these contributed capital assets is computed using the straight-line method over the estimated useful lives of the assets and is charged as a current period expense.

Reserves

Reserves represent those portions of fund equity not available for appropriation for expenditures or legally segregated for a specific future use.

Statement of Cash Flows

The Town has adopted Government Auditing Standards Board Statement No. 9 "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." This statement requires entities to report a statement of cash flows as part of a full set of financial statements instead of reporting a statement of changes in financial position.

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank and certificates of deposit.

Compensated Absence

The Town does not accrue any paid vacation, sick pay, or other employee benefit amounts because employees are not allowed to carry over significant amounts.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from a fund that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Total Columns on Combined Statements - Overview

Total columns on the combined statements are captioned "Memorandum Totals" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles; nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF NEW LLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

Bad Debt

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account based on historical information which would indicate the uncollectibility as a percentage of the particular receivable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Contingent Liabilities

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as contingencies. Since contingencies do not represent liabilities or current expenditures, contingencies are not reported in the accompanying financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2002 cash and cash equivalents totaled \$345,538 (Book Balance) and \$268,163 (Bank Balance). The composition of these accounts is as follows:

	Book Balance	Bank Balance
Demand Deposits - Non Interest Bearing	\$ 38,568	\$ 58,517
Interest Bearing Checking and Certificates of Deposit	306,890	210,646
Petty Cash	100	---
Total Cash	<u>345,538</u>	<u>269,163</u>
Restricted Cash	309,535	211,436
Cash and Cash Equivalents	<u>\$ 655,073</u>	<u>\$ 480,599</u>

Under state law, these deposits must be secured by Federal Deposit Insurance or the pledge of securities owned by the bank. The securities pledged are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2002 all deposits with financial institutions were covered by federal deposit insurance in the amount of \$264,430 and pledged securities (GASB Category 3) with a market value of \$130,000.

Even though the pledged securities are considered Uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the pledging bank has failed to pay deposited funds upon demand.

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November.

TOWN OF NEW LLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2002, taxes of 4.0 mills totaling \$28,552 were levied and collected on property and were dedicated to general corporate purposes. There were no material amounts of tax available at June 30, 2002.

NOTE 4 - RECEIVABLES

The receivables at June 30, 2002 are as follows:

	General Fund	Enterprise Fund	Memorandum Totals
Charges for services	\$ —	\$ 57,648	\$ 57,648
Other charges	5,687	—	5,687
Total receivables	5,687	57,648	63,335
Less: allowance for uncollectibles	—	(2,687)	(2,687)
Receivables, net of allowance	\$ 5,687	\$ 54,961	\$ 60,648

NOTE 5 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 2002 consisted of the following:

	General Fund	Total
State of Louisiana:		
Beer taxes	\$ 1,889	\$ 1,889
Total	\$ 1,889	\$ 1,889

NOTE 6 - GENERAL FIXED ASSETS

A summary of changes in general fixed assets, at cost, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Buildings and Land	\$ 112,539	\$ —	\$ —	\$ 112,539
Improvements Other Than Buildings	768,877	—	—	768,877
Equipment	495,637	3,083	—	498,720
Totals	\$1,377,053	\$ 3,083	\$ —	\$1,380,136

TOWN OF NEW LLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

NOTE 7 - PROPERTY AND EQUIPMENT

A summary of the property and equipment in the Enterprise Fund at June 30, 2002, consists of the following:

Land	\$ 28,835
Building	10,238
Distribution System	3,698,174
Equipment	100,499
Vehicles	33,182
Subtotal	3,870,868
Less Accumulated Depreciation	588,074
Net Property and Equipment	<u>\$ 3,282,794</u>

For the year ended June 30, 2002, depreciation expense totaled \$71,397.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following is a summary of payables at June 30, 2002:

	General Fund	Utility Fund	Total
<i>Accounts payable:</i>			
Operating	\$ 1,115	\$ 18,008	\$ 25,123
Total accounts payable	<u>\$ 1,115</u>	<u>\$ 18,008</u>	<u>\$ 25,123</u>
<i>Accrued liabilities:</i>			
Sales taxes payable	\$ ---	\$ 860	\$ 860
Salaries payable	5,035	1,919	6,974
Payroll withholdings	2,965	1,412	4,412
DHH service fees	---	3,657	3,657
Liability Insurance Payable	15,708	4,909	20,615
Total accrued liabilities	<u>\$ 23,728</u>	<u>\$ 12,793</u>	<u>\$ 36,518</u>

NOTE 9 - LONG TERM DEBT

Long-term debt activity for the year ended June 30, 2002 is summarized as follows:

Proprietary Fund	Balance 6-30-01	Additions	Payments	Balance 6-30-02
Sewer Revenue bonds	\$ 738,000	\$ ---	\$ 37,000	\$ 699,000
Capital leases	20,843	---	7,924	12,119
Certificates of indebtedness	---	80,000	---	80,000
Total	<u>\$ 758,843</u>	<u>\$ 80,000</u>	<u>\$ 44,924</u>	<u>\$ 793,119</u>

TOWN OF NEW LLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Sewer Revenue Bonds

The Sewer Revenue Bonds constitute special obligations of the Town secured by a lien on and pledge of the net revenues of the utility system.

Revenue Bonds	Enterprise Fund
Sewer Revenue Bonds, dated August 30, 1998, due in annual installments ranging from \$35,936 to \$87,000, maturing March 1, 2017, bearing interest at a rate of 2.45%. Revenue generated by the Town's water and sewer system has been pledged to secure these bonds.	\$ 699,000
Total	699,000
Less: current portion of long-term debt	38,000
Net long-term debt	\$ 661,000

Certificates of Indebtedness

The Town has issued certificates which are secured by and payable from a pledge of excess of annual revenues above statutory, necessary and usual charges incurred by the Town. Certificates of indebtedness outstanding at June 30, 2012 are described below.

	Enterprise Fund
\$80,000 Certificates of Indebtedness, Series 2002, bearing interest at a rate of 5%. Principal is payable in annual installments ranging from \$6,000 to \$10,000, with the final installment due January 1, 2012.	\$ 80,000
Total Certificates of Indebtedness	\$ 80,000

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for the years subsequent to June 30, 2012 are as follows:

Year Ending June 30	Principal	Interest
2013	\$ 44,000	\$ 20,756
2014	46,000	19,895
2015	47,000	18,588
2016	48,000	17,259
2017	50,000	15,905
2018 - 2019	277,000	57,028
2019 - 2017	287,000	28,841
Total	\$ 779,000	\$ 169,443

TOWN OF NEW LLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

Capital Leases

In December 1998, the Town acquired a loader/backhoe at a cost of \$28,540 under a capital lease. The lease requires sixty monthly payments of \$747 at an annual interest rate of 6.25% beginning December 4, 1998 and maturing November 4, 2003. The future minimum lease payments under the capital lease and the net present value of the future lease payments at June 30, 2002 are as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2003	\$ 8,987
2004	3,736
Total	12,723
Less: amounts representing interest	584
Present value of the minimum lease payments	\$ 12,139

NOTE 10 - WATER CONTRACT

The Town has a contract with the City of Leesville for the purchase of water. The contract has a primary term of four (4) years commencing April 1, 2002. There are no minimum payments required under the contract, except for amounts of actual delivery, with the rates set at one dollar and five cents (\$1.05) per one thousand (1,000) gallons for the entire contract period.

NOTE 11 - RISK MANAGEMENT

The Town of New Llano is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 12 - COMPENSATION OF ELECTED OFFICIALS

For the year ended June 30, 2002, the amounts of salaries and wages paid to the Mayor and Board of Aldermen were as follows:

<u>Name</u>	<u>Position</u>	<u>Salary</u>
Freddie Boswell	Mayor	\$ 8,700
Carolyn Todd	Alderman	2,600
Bruce Coyer	Alderman	2,700
Bruce Harris	Alderman	2,700
Charles Bullock	Alderman	2,600
Charlotte Cooper	Alderman	2,700
Total		\$ 22,000

NOTE 13 - CONTRIBUTED CAPITAL

Changes in the contributed capital account for the year ended June 30, 2002, are as follows:

TOWN OF NEW LIANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

	<u>Enterprise Fund</u>
Balance at June 30, 2001	\$ 1,693,855
Additions:	
Local match - LCRBG	15,750
LCRBG assistance	553,087
<u>Balance at June 30, 2002</u>	<u>\$ 2,262,692</u>

NOTE 14 - PENSION PLAN

Substantially all employees of the Town of New Liabo, Louisiana, are members of the Municipal Employees Retirement Systems of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit payable monthly for life, equal to 2 percent of their final average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 30 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement Systems of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4818.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of New Liabo is required to contribute at an actuarially determined rate. The current rate is 2.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan

TOWN OF NEW LLANO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

is based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of New Llano are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:185, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

NOTE 15 - CAPITAL PROJECTS

The Town was awarded funding for improvements to its utility system in the form of a Community Development Block Grant. Expenditures related to the project as of June 30, 2002 are summarized as follows:

	<u>Current Expenditures</u>	<u>Previous Expenditures</u>	<u>Total</u>
2000 LCDBG	\$ 553,087	\$ 41,863	\$ 595,250
Local match	15,750	28,450	34,200
Total expenditures	\$ 568,837	\$ 62,613	\$ 631,450

NOTE 16 - RESTRICTED EQUITY

The Town has entered into revenue bond agreements that require funds to be held in restricted bank accounts. Funds on deposit in the restricted bank accounts can be used only under certain circumstances specified by the bond indenture.

The Town has also deposited money in accounts that are designated for refunding customer deposits. Restricted assets and liabilities payable from these assets are summarized as follows:

	<u>Bond Indenture</u>	<u>Meter Deposits</u>	<u>Total</u>
Restricted assets	\$ 137,631	\$ 71,969	\$ 209,534
Liabilities payable from restricted assets	(78,642)	(68,870)	(147,512)
Restricted equity	\$ 60,989	\$ 11,033	\$ 72,872

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November 6, 2002

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor
and Members of the Board of Aldermen
New Llano, Louisiana

We have audited the general purpose financial statements of the Town of New Llano, Louisiana as of and for the year-ended June 30, 2002, and have issued our report thereon dated November 6, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of New Llano, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of New Llano, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROGER HARRINGTON & MCKAY
Certified Public Accountants

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November 6, 2002

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

The Honorable Freddie Boswell, Mayor
and Members of the Board of Aldermen
New Llano, Louisiana

Compliance

We have audited the compliance of the Town of New Llano, Louisiana with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. The Town of New Llano's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of New Llano's management. Our responsibility is to express an opinion on the Town of New Llano's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of New Llano's compliance with these requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of New Llano's compliance with these requirements.

In our opinion, the Town of New Llano, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control over Compliance

The management of the Town of New Llano, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of New Llano's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants what would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



ROGER HARRINGTON & MCKAY
Certified Public Accountants

TOWN OF NEW LLANO, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
FEDERAL GRANTOR / Pass-through Grantor / Program Title		
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Pass-through State of Louisiana, Division of Administration		
Community Development Block Grants	14.238	\$ <u>500,000</u>

Note

The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles for governmental units. See notes to the accompanying financial statements for further details.

Town of New Llano, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the financial statements for the Town of New Llano as of June 30, 2002 and for the year then ended expressed an unqualified opinion.
- No reportable conditions were noted in the audit.
- The results of the audit disclosed no instance of noncompliance that is considered to be material to the financial statements of the Town of New Llano.
- The Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 expressed an unqualified opinion on compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported under Section 510 of Circular A-133.
- Major programs for the year ended May 31, 2002 are presented as follows:

14.228 Community Development Block Grants/State's Program

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The Town of New Llano was not considered to be a low risk auditee as defined by the OMB Circular A-133.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

- None.

Part III - Findings and Questioned Costs for Federal Awards Which Shall Include Audit Findings as Defined by OMB Circular A-133:

- None.

Town of New Llano, Louisiana
Management's Corrective Action Plan
For the Year Ended June 30, 2002

SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
N/A – There were no findings in this area.	Response – N/A
SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
N/A – There were no findings in this area.	Response – N/A
SECTION III – MANAGEMENT LETTER	
N/A – There were no findings in this area.	Response – N/A

Town of New Llano, Louisiana
Schedule of Prior Year Findings
For the Year Ended June 30, 2002

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
<p><u>Finding - 2001-01 - Mayor's Court Operations</u> - We noted that mayor's court personnel failed to submit two cases involving DWI charges to the District Court for prosecution on a timely basis.</p>	<p><u>Response</u> - Court personnel have developed a control log for all matters sent to other courts for disposition. Additionally, the court obtains a written receipt from the District Court for all paperwork submitted and maintains the control log throughout the final disposition of the case and receipt of any revenues due the Town.</p>
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<p><u>Finding - N/A</u> - There were no findings in this area.</p>	<p><u>Response - N/A</u></p>
SECTION III - MANAGEMENT LETTER	
<p><u>Finding - N/A</u> - There was no management letter issued with this report.</p>	<p><u>Response - N/A</u></p>